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LONG-TERM CARE IN BRIEF: EXPLAINING THE MEDICAID STATE BALANCING INCENTIVE PAYMENTS PROGRAM

HR 3590, Sec. 10202. Incentives for states to offer home and community-based services as a long-term care alternative to nursing homes

The Patient Protection and Affordable Care Act, signed into law on March 23, 2010, includes a program to incentivize states to offer home and community based services as a long-term care alternative to nursing homes. The State Balancing Incentive Payments Program (HR 3590, Sec. 10202) creates an opportunity for participating states to receive a temporary enhanced FMAP to help them rebalance Medicaid spending by increasing the percentage of home and community based expenditures for long-term services and supports under the state Medicaid program.

What states can participate in the program? A state meeting the necessary conditions to be a "balancing incentive state" will be eligible to apply for the program and receive an increased FMAP during the "balancing incentive period," with respect to eligible medical expenditures. To qualify as a balancing incentive state, in FY 2009 the state must have spent less than fifty percent of its total state Medicaid long-term medical assistance dollars on non-institutionally based long-term services and supports. If a state's Medicaid expenditures qualify the state as a balancing incentive state, the state still must submit an application, agree to a set of conditions, and be selected by the Secretary to participate.

What are the application approval guidelines? Eligible states must submit applications to the Secretary of Health and Human Services (HHS) that include a budget detailing the state's plan to expand its non-institutionally based spending under the state Medicaid program, including the structural changes the state plans to make to facilitate this process. Specifically, participating states must agree to develop a no wrong door single entry point system, a conflict free case management system, and core standardized assessment instruments within six months of submitting an application. Additionally, if a state proposes to expand its Medicaid home and community based services through a state plan amendment, the state may elect to increase the income eligibility for these services.

How will the program operate? There will be two groups of balancing incentive states, based on the percentage of total state Medicaid expenditures allocated to long-term services and supports in fiscal year 2009. States in both groups will have to meet a "target spending percentage" by October 1, 2015, and participating states will receive an enhanced FMAP during the balancing incentive period. The first group, consisting of states that devoted less than 25 percent of their Medicaid long-term services and supports spending on home and community based services in FY 2009, will have a target spending percentage of 25 percent. If selected by HHS to participate in the program, these states will receive a 5 percent FMAP increase. The remaining states, those allocating less than 50 percent of their applicable Medicaid spending to home and community based services in FY 2009, will have a target spending percentage of 50 percent, and will receive an enhanced FMAP of 2 percent.

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What are the MOE requirements? A state must agree to use the additional federal dollars received through the enhanced FMAP on new or existing non-institutionally based long-term services and supports under the state Medicaid program. Additionally, states may not apply standards for determining eligibility for medical assistance for non-institutionally based long-term services and supports that are more restrictive than those the state will have in place on December 31, 2010.

IMPORTANT DATES

Fiscal Year 2009	The percentage of total state Medicaid expenditures that were devoted to HCBS LTSS will determine a participating state's target spending percentage and enhanced FMAP
December 31, 2010	The eligibility standards a state has in place for determining eligibility on this date may not be restricted during the balancing incentive period
October 1, 2011	The balancing incentive period begins
Within six months of applying	Participating states will have developed a no wrong door single entry point system, a conflict free case management system and core standardized assessments
September 30, 2015	The balancing incentive period ends
October 1, 1015	States must reach their target spending percentage of either 25 or 50 percent